

CONSOLIDATED STATEMENT OF CHANGES IN CASH POSITION

(Unaudited and 000's omitted)

	Six months Ended June 30	
	1977	1976
SOURCES OF CASH:		
Operations *	\$ 376	\$ 301
Increase in guaranteed trust borrowings	20,268	9,880
Increase in bank loan	50	(2,870)
	<u>20,694</u>	<u>7,311</u>

APPLICATIONS OF CASH:		
Increase in loans	9,144	8,790
Increase in securities and short term investments	1,108	(157)
Payments on long term debt	165	790
Increase in investments in and advances to joint ventures	150	268
Additions to real estate held for development or sale	114	90
Dividends	56	56
Decrease in mortgages payable	39	24
Net other applications (sources)	<u>1,266</u>	<u>(756)</u>
	<u>12,042</u>	<u>9,105</u>
Increase in cash for the period	\$ 8,652	\$ (1,794)
Cash and bank deposit receipts at beginning of Year	<u>5,171</u>	<u>7,099</u>
Cash and bank deposit receipts at the end of period	<u>\$13,823</u>	<u>\$ 5,305</u>

*Represents net income for the period after adding back depreciation and amortization of financing expenses (1977 - \$105,000; 1976 - \$90,000).

REALTY CAPITAL CORP. LIMITED

415 Yonge Street, Toronto

Subsidiaries and Affiliates

Federal Trust Company
Fedco Mortgage Investment Company
Marchester Investments Limited

Head Office

Federal Trust Tower, 415 Yonge Street,
Toronto

864-1720

Savings Branches

Toronto:
343 College Street 961-8247
654 Danforth Avenue 461-0254
2070 Danforth Avenue 422-1610
1850 Eglinton Avenue West 789-4341
948 St. Clair Avenue West 654-4255
1224 St. Clair Avenue West 652-3555
141 Yonge Street 864-9023
415 Yonge Street 864-9253
Brampton: 9 Queen Street East 453-1460
Ottawa: 270 Albert Street (613) 238-4886
Welland: 800 Niagara Street North (416) 735-0714

Mortgage Offices

Toronto: 415 Yonge Street 864-1720
Ottawa: 270 Albert Street (613) 238-4888

Real Estate Branches

Barrie: 87 Bayfield Street 362-0332
Brampton: 9 Queen Street East 453-6320
Oakville: 61 Lakeshore Road West 845-7549
Pickering: 1355 Kingston Road West 361-1893
Welland: 800 Niagara Street North (416) 735-0719

Main Services and Functions

Chequing Accounts
Consumer and Demand Loans
Current Accounts
Deferred Profit Sharing Plans
Guaranteed Investment Certificates
Mortgage and Bond Fund
Mortgage Loans
Mortgage Servicing and Management
Personal Investment Management
Real Estate Sales
Registered Home Ownership Savings Plans
Registered Retirement Savings Plans
Savings Accounts
Short Term Deposits
Special Savings Accounts

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Realty Capital
Corp Limited



Federal Trust
Company

INTERIM REPORT

SIX MONTHS ENDED

JUNE 30, 1977

Quality

864-1720

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TO THE SHAREHOLDERS:

I am pleased to report that the consolidated net after tax earnings were \$271,000 (37¢ per share) for the six months ended June 30th, 1977 as compared to \$211,000 (28¢ per share) for the similar period of 1976. Total consolidated assets, including assets under administration, increased by 27% to \$218,342,000.

Net earnings in the second quarter were affected by a reserve taken against mortgage interest earned on a certain mortgage situation. All efforts are being made to clarify this situation, but until then it is possible that further reserves will be required, even though these reserves may eventually be recoverable.

FEDERAL TRUST COMPANY

The net earnings of Federal Trust Company increased to \$228,000 compared to \$176,000 in 1976. These results consolidate the earnings of its wholly-owned subsidiary, Wachster Investments Limited (Land Development Division). This increase is primarily a result of increased income from mortgage banking and administration and some improvement in fees from the Real Estate Sales Department. This improvement in earnings was accomplished after deducting the above mentioned mortgage reserve.

FEDCO MORTGAGE INVESTMENT COMPANY

I am pleased to announce that Fedco Mortgage Investment Company has recently received its licence to commence operations as a mortgage investment company. The initial share capital of the Company is approximately \$3,000,000 in which Federal Trust Company has a minority interest. The other shareholders of the Company include a number of Canadian Pension Funds. Federal Trust will be acting as Advisor which includes providing mortgages to the Company and offering Fedco debentures through Federal Trust branches and agents.

OUTLOOK

Federal Trust will continue to show growth during the balance of the year and I anticipate that earnings for 1977 will improve over those of the previous year.

On behalf of the Board,

Toronto, Ontario
August 8th, 1977

David S. Ades,
President



CONSOLIDATED STATEMENT OF INCOME (Unaudited and 000's omitted)

	1977	1976
Trust Division:		
Investment income	\$ 7,518	\$ 6,081
Fee and commission income	612	462
	<u>8,130</u>	<u>6,543</u>
Expenses —		
Interest	5,997	4,638
Operating	2,033	1,564
	<u>8,030</u>	<u>6,202</u>
Income (loss) from Trust Division *	100	341
Land Development Division:		
Mortgage and other investment income	236	286
Expenses —		
Interest	8	118
Operating	59	247
	<u>67</u>	<u>365</u>
Income (loss) from Land Development Division *	169	(79)
Holding Company:		
Fees charged to other divisions	353	214
Other income	82	94
	<u>435</u>	<u>308</u>
Expenses —		
Interest	150	158
Operating	206	83
	<u>356</u>	<u>241</u>
Income from Holding Company *	79	67
Net income before taxes	348	329
Income taxes	77	118
Net income for the period	<u>✓ 271</u>	<u>✓ 211</u>
Earnings per Class A and Common Share:		
Net income for the period	<u>✓ 0.37</u>	<u>✓ 0.28</u>
Fully diluted	<u>0.30</u>	<u>0.25</u>

*Income of the holding company includes amounts charged to other divisions. Also, intercompany interest has been charged as appropriate.

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited and 000's omitted)

	June 30 1977	December 31 1976	June 30 1976
ASSETS			
Cash and short term investments	\$ 14,315	\$ 6,697	\$ 6,387
Securities	11,452	9,310	8,192
Mortgages	128,535	115,784	104,285
Consumer and demand loans	4,612	6,674	5,418
Real estate	2,897	2,783	2,688
Joint ventures	1,428	953	1,640
Other	6,594	7,584	4,227
	<u>\$169,833</u>	<u>\$149,785</u>	<u>\$132,837</u>
LIABILITIES			
Guaranteed investment certificates, debentures and deposits	\$152,033	\$132,637	\$116,054
Mortgages payable	984	1,023	1,085
Bank loans	222	172	400
Long term debt	3,170	3,335	3,335
Other	7,060	6,470	6,076
Deferred income taxes	1,068	1,068	1,031
Shareholders' equity	5,296	5,080	4,856
	<u>\$169,833</u>	<u>\$149,785</u>	<u>\$132,837</u>
Estates, Trusts and Agencies	48,509	36,946	38,943
TOTAL ASSETS UNDER ADMINISTRATION	<u>\$218,342</u>	<u>\$186,731</u>	<u>\$171,780</u>